

BEFORE THE KENTUCKY UTILITY REGULATORY COMMISSION

In the Matter of

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| NOTICE OF SOUTH CENTRAL BELL |) | |
| TELEPHONE COMPANY FOR AN |) | Case Nos. 6232, 6659, 6848 |
| ADJUSTMENT IN ITS INTRASTATE |) | |
| RATES AND CHARGES |) | |

ORDER

By Order dated February 29, 1980, the Franklin Circuit Court remanded Case Nos. 6232 and 6659 to the Commission with direction to permit the Company, South Central Bell Telephone Company, to earn a return on its investment tax credit as required by the Internal Revenue Code. Subsequently on the 23rd day of April, 1980, a similar Order was entered by the Court in Case No. 6848. Pursuant to the direction of the Franklin Circuit Court, the Commission has reviewed the records in the cases before it together with the Final Regulations of the Internal Revenue Service relating to Job Development Investment Tax Credit (JDIC), adopted March 20, 1979, Regulations, Sect. 1.46-6(a), et.seq., and FINDS that the Company is entitled to earn a return on that portion of its capital represented by JDIC at the level fixed by the Commission in its final Orders in those cases, i.e., Case No. 6232 - 8.95%, Case No. 6659 - 8.94%, Case No. 6848 - 9.23%. Because the Commission in Case No. 7348, decided August 7, 1979, approved a return higher than that in the three previous cases, no increase in the presently effective subscriber rates is necessary to permit the Company to earn on JDIC the return found fair and reasonable in the respective cases. The Company shall, therefore, refund in accordance with a plan to be approved by the Commission, all sums collected by it since 1975 in excess of the amount necessary to permit it to earn the allowed rate of return on its JDIC, together with interest thereon at the rate of 10% per annum, and federal excise tax, for a total refund of \$10.4 million.

IT IS THEREFORE ORDERED that South Central Bell Telephone Company shall present a plan for such refund by June 30, 1980, and, if approved, the Company shall complete such refund to all customers by August 30, 1980. Interest on the refund shall be calculated through August 30, 1980.

Done at Frankfort, Kentucky this the 23rd day of June 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary